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## SPECIAL ESTIMATE

# PROBABLE LONG TERM DEVELOPMENT OF THE SOVIET BLOC AND WESTERN POWER POSITIONS



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CENTRAL INTELLIGENCE AGENCY

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# PROBABLE LONG TERM DEVELOPMENT OF THE SOVIET BLOC AND WESTERN POWER POSITIONS

## THE PROBLEM

To estimate the probable relative development of the Soviet Bloc and Western power positions over the next fifteen years, with a view to estimating whether or not time is on our side in the East-West conflict.

## ASSUMPTIONS

1. No general war.
2. Continuation of the present general trend of policies of both the Bloc and the Western Powers.<sup>1</sup>

## ESTIMATE

3. We believe it essential to state at the outset that there is no unequivocal answer to the question "is time on our side." Even assuming a "continuation of the present general trend of policies of both the Bloc and the Western Powers" (itself an assumption of doubtful validity), there are so many accidental or unpredictable factors which will materially affect the world situation as to prevent any firm estimate of the relative Soviet Bloc and Western power positions fifteen years from now. Moreover on the side of the anti-Communist countries, taking the NATO and so-called neutralist powers together, there are so many divergent trends that it is difficult to speak of a consistent trend of policy. Even within NATO itself, the chief unifying force lies in the agreement of the members to resist aggression against any one of them. However, it is possible to appraise in general terms our likely power position vis-a-vis the Bloc if present trends continue and if various major alternative developments do or do not come to pass. Moreover, by examining the impact of

some of these alternatives, we can at least establish certain significant factors which might alter present trends.

## PROBABLE ECONOMIC GROWTH OF SOVIET BLOC AND THE WEST

4. *The Soviet Bloc.* At present the over-all economic strength of the Soviet Bloc is far less than that of the Western Powers; in terms of gross national product (GNP), the 1952 output of the entire Bloc is estimated to have been about one-third that of the Western states.<sup>2</sup> However, assuming a continuation of present policies and programs, the economic strength of the Soviet Bloc will increase greatly over the next 10-15 years. For some years the rate of growth of the Soviet economy will almost certainly remain higher than that of any major Western state. However, the past rapid rate of growth, which we estimate averaged 7-8 percent in 1948-1952, is already leveling off and the annual rate toward the end of the

<sup>1</sup>For the purpose of these economic projections, the Western Powers include the US, the European NATO countries, West Germany, Canada, Australia, and Japan.

<sup>2</sup>The Western Powers are taken to include the US and its allies.

period is unlikely to exceed 3-4 percent. Even so, total Soviet GNP will probably almost double within the next fifteen years, while Bloc GNP as a whole will increase around 75 percent.

5. Bloc economic capabilities to wage war are likely to increase substantially since the Bloc will probably continue to place great emphasis on the development of heavy industry, and in particular on military production. Bloc self-sufficiency, already great, will probably become more nearly complete.

6. These projections may be invalidated by other factors. A prolonged struggle for power or internal dissension in the Soviet Bloc might dissipate Soviet energies. A relaxation in the forced pace of heavy industrial development would probably reduce the rate of increase in Bloc capabilities to wage a major war. The difficulty of rapidly increasing the industrial labor force in the USSR and the probable lag in agricultural production may prove more serious limiting factors on general economic growth than we now estimate. On the other hand, the application of known scientific developments to Bloc agriculture, though this would require large-scale investments, would permit greater increases in Bloc agricultural production and the release of agricultural labor for other uses.

7. *The West.* It is more difficult to estimate the probable economic growth of the Western Powers. The freer and less closely integrated Western economies, particularly those of the major US allies, are more vulnerable to economic fluctuations and trends in international trade than are those of the Bloc. Much will depend upon the ability of the Western Powers to establish a pattern of production and of international trade and payments which will provide such countries as the UK, Germany, and Japan with adequate markets, and in general will permit a steady economic growth. US resources and policies will be of critical importance in this field. However, assuming a continuation of present trends and no serious depressions, we estimate the probable growth in US GNP at about 56 percent over the next fifteen years, and at almost 50 percent for the Western Powers as a whole.

8. However, the Western Powers will continue to face much greater difficulties than the Soviet Bloc in allocating and directing their resources toward cold war objectives and peacetime preparations for hot war. Their ability (and desire) to impose peacetime sacrifices will be less, and the problems of agreeing on common objectives and devising effective policies among nations of different and sometimes divergent interests will remain difficult to overcome.

9. While Bloc GNP will probably increase at a higher rate than that of the Western Powers and the ratio of Western superiority will therefore decrease, the GNP of the West is already so much greater than that of the Bloc that the absolute gap between the two will widen despite the lower rate of Western growth.<sup>3</sup> Thus the West will remain for the indefinite future greatly superior to the Soviet Bloc in total economic strength.

10. However, certain factors decrease the significance of over-all economic growth and resources as a factor in the world power balance. The ability of the totalitarian Soviet Bloc to devote a high percentage of its resources both to the cold war and to peacetime military preparations will probably remain greater than that of the West. Moreover, for reasons stated in paragraphs 13-18 the continuing economic superiority of the West, although important, may not be the ruling factor in determining whether time is on our side.

#### PROBABLE SCIENTIFIC CAPABILITIES OF THE WEST AND THE SOVIET BLOC

11. The over-all scientific assets of the West (numbers and quality of trained personnel, facilities, and equipment) are now far greater than those of the Soviet Bloc, and almost certainly will remain greater over the next fifteen years. However, the USSR is expending great

\* To project these trends to 1975, Bloc GNP is estimated to increase on the order of 125 percent while Western GNP increases only 70 percent, thus altering the ratio to roughly 2:1 in favor of the West. On the other hand, the actual disparity in favor of the West will become even greater, from around \$360 billion in 1952 to some \$500 billion by 1975.

efforts to reduce this disparity, and is likely to narrow the gap between it and the West, even though the Western Powers probably will produce more basic scientific advances, and will continue, in general, to be better able to translate prototypes into quantity production of high quality. Moreover, the Bloc may concentrate excessively on the solution of short-term military and economic problems, thus narrowing the range of fundamental research and diminishing the probability of basic scientific advances.

12. It is impossible to estimate whether the power relationships between the Soviet Bloc and the West will be changed during the period of this estimate by any major technological breakthrough by either side, such, for example, as the initial production of the atomic bomb by the US in 1945.

#### PROBABLE TRENDS IN THE MILITARY CAPABILITIES OF THE WEST AND THE SOVIET BLOC

13. We believe that throughout the next fifteen years the West will maintain a substantial absolute advantage in capabilities for atomic warfare, but that the Bloc will gradually reduce this advantage. Within the period of this estimate both US and USSR will produce a sufficient stockpile of atomic and possibly thermonuclear weapons to cripple the other side, if delivered on targets.<sup>4</sup> The US, if it has not already acquired this number of weapons, will do so before the USSR does.

14. Assuming a continuation of present general trends of policies of both the Bloc and the Western Powers, it is likely that within the period of this estimate the West and USSR will each have the means of delivery with which to cripple the other, unless developments in defensive weapons and techniques permit a substantial improvement over present defensive capabilities. At that point the world will have entered a period in which both of the great power blocs have the capacity to cripple the other, though only at equally grave risk of

<sup>4</sup>For the purpose of this estimate "to cripple" means to destroy quickly a very large proportion of the resources required by the other side to wage continuing general war.

crippling blows in return. Unless it attained complete strategic surprise or achieved an unforeseen technological breakthrough, we believe that neither side would be able to prevent powerful retaliation in kind. In the absence of general war, however, the ruthlessness of the Soviet rulers and the fear which they inspire among many Western peoples may enable them to use the possession of atomic capabilities as an instrument of pressure in the cold war.

15. The US is losing, if it has not already lost, its longstanding invulnerability to crippling attack, and with it the immense strategic advantage of being able to conduct the traditionally deliberate and extensive post-D-Day mobilization. We cannot estimate the time at which the USSR will attain the capability to cripple US war-making capacity, but it is probably well within the period of this estimate. At that time, despite probable US retention of a sizable margin of technological superiority and superior atomic offensive capabilities, this continued disparity will become much less significant, at least in regard to bombardment of strategic targets.

16. On the other hand, the continuing superiority of the West over the Bloc in atomic capabilities will nevertheless represent a considerable advantage, because of developing tactical uses of atomic weapons. It is likely that the West will, during the period of this estimate, remain superior to the Soviet Bloc in capabilities for tactical use of atomic weapons, whether in general or in local war.

17. The development of Bloc and Western power positions during the next fifteen years will be significantly affected by their relative conventional military capabilities, with or without the accompanying use of atomic weapons. Bloc military forces are being continuously modernized and strengthened, and will continue to pose a serious threat to areas around the Bloc periphery. The West will probably remain superior to the Bloc in quality of weapons, in the application of technology to military uses, and in its ability to control the seas. The West will increase substantially its relative power position if it can develop local military capabilities in key areas

around the Bloc periphery and can maintain forces-in-being capable of quick dispatch to such areas in case of emergency.

18. Moreover, attainment of the capability to defend Western Europe and Japan against Soviet attack would significantly improve the power position of the West. The resources of these areas, their geographical location, and their considerable technological potential, contribute substantially to Western strength. The extent to which the West will attain the capability of defending these areas will depend on Western and other policy decisions. Much will also depend, in this connection, on the degree of progress which is made in regard to the rearmament and anti-Soviet orientation of West Germany and Japan.

#### PROBABLE TRENDS IN THE POLITICAL AND SOCIAL STRENGTH AND COHESION OF THE SOVIET BLOC AND THE WEST

19. *Probable Trends in the Soviet Bloc.* Political and social trends will have an important, and perhaps controlling effect on the relative power positions of the Bloc and the West and are most difficult to estimate over so long a period as the next fifteen years. During this period it is possible that a struggle for control within the Kremlin might cause a retraction and decay of Soviet power. Whether such developments will take place or at what extent they would begin to have a material effect on the power position of the Soviet Bloc cannot be estimated at this time. At present, however, we see no indications that the economic and military bases of Soviet power have been affected by Stalin's death.

20. In any case we believe it unsafe to assume that over the next 10-15 years the Soviet regime will lose its stability or the Bloc its cohesion. While the more flexible policies of the post-Stalin regime and the modest relaxation of tight Soviet controls may permit periodic overt manifestations of discontent behind the Iron Curtain, over the long run these very policies may also tend to lengthen the Kremlin's lease on power. The possibility exists that Communist China may attempt to play an increasingly independent role.

Should this potential weakness develop into a break between the two chief Communist states, it would be a major loss to Soviet power.

21. *Trends in the Political and Social Strength and Cohesion of the West.* Because of the greater diversity of the looser Western coalition and the variety of forces at play within it, we find it even more difficult to project probable trends in Western strength and cohesion as they affect the global balance of power. However, at no time in the foreseeable future will the Western Powers be likely to attain or to desire to attain the centralized control to mobilize their resources characteristic of the totalitarian Soviet Bloc. In general, they will probably continue to be more subject to internal conflicts, economic fluctuations, and divisive influences than the Bloc. Much will depend on international economic developments, on future Soviet policy, on the future position of major nations like Germany, Japan, and India and, above all, on the role played by the acknowledged leader of the Western coalition, the US itself.

22. As the only single aggregation of resources outside the US itself comparable to the Soviet Bloc, Western Europe plays a major role in the world power balance. Its continued weaknesses, such as dependence on US aid, lack of a sense of urgency regarding the Communist threat, disputes between France and Germany, and French and Italian instability, constitute a major vulnerability of the Western Powers, while Western Europe's acquisition by the Bloc would be a tremendous increment to Soviet power. The reappearance of a strong and viable Western Europe, including Germany, would substantially decrease Western vulnerability and alter the present power relationship between the Soviet Bloc and the West to the advantage of the latter.

23. On the other hand, we see many obstacles to the achievement of this objective. We believe that a primary concern of the Kremlin over the coming period will be to frustrate the development of a viable and defensible West-

ern Europe. In this effort the Kremlin will almost certainly concentrate on the key to the European situation, the German problem. If a shift in Soviet policy on Germany, for example, led the Germans to accept a united, armed, and neutral Germany, it would introduce a new factor of great significance into the world power balance. Such a development, if accepted by our NATO allies, would not necessarily weaken the Western position. A rearmed and neutral Germany would act as a buffer state, and if the Germans were subsequently to abandon neutrality, we believe that they would be more likely to align themselves with the West than with the Bloc.

24. The emergence of a rearmed, anti-Communist Japan would be a major asset in restoring the strategic balance in the Far East. However, the degree of future Japanese cooperation with the US will depend largely on the extent to which the Western alignment not only meets Japan's needs for security and foreign markets, but also satisfies its expectations for economic and military aid and for treatment as an equal.

25. *Probable Trends in the Strength and Alignment of "Gray" Areas.* A major difficulty facing the West is represented by the extreme political and social instability of the underdeveloped areas of the Middle and Far East and Africa, where profound social changes are in progress, entailing in many areas disorder and consequent vulnerability to Communist influences. The anti-Western overtones of this political and social revolution create an additional obstacle to the utilization by the West of the resources of these regions. The consequent danger to the Western position is acute in some areas of Southeast Asia and the Middle East. None of these areas is likely to develop into an important center of power during the period of this estimate, but their loss would nevertheless be a serious blow to the West. For example, the loss of Indochina, which is possible, would probably result in eventual loss of most of mainland Southeast Asia. This in turn would lead to worsened prospects for stability in the Indian subcontinent, and to greatly increased difficulties in maintaining the pro-

Western orientation of Japan. A Communist takeover in Iran, which is also possible, would jeopardize the already unstable Western position in the Middle East.

26. On the other hand, the trend toward greater instability and vulnerability to Communist influence in the underdeveloped areas is not irreversible. Western control or influence is still paramount in these areas. Over the next 10-15 years the US and its allies still have the opportunity to undertake actions which might arrest this trend and maintain that influence.

27. *Possible Effects of a Kremlin Shift to Soft Tactics.* We believe that a prolonged Kremlin shift to more moderate tactics would also present a real challenge to further growth in the military strength and the cohesion of Western Powers. To date the US has succeeded in creating and partially rearming a defensive coalition under the impetus of an acute Soviet threat. Should this threat appear to diminish, it will be difficult to maintain the support of Western peoples for continued rearmament, close integration of national policies, and vigorous anti-Communist efforts. The likelihood of divisions among the Western Powers, especially if encouraged by skillful Kremlin action, would markedly increase. It might lead, over the longer run, to some of our allies adopting more neutral positions, or even to the creation of a European "Third Force." On the other hand, a decrease of cold war tensions might allow many Western countries to concentrate on domestic needs and to devote more resources to meeting their own economic and social problems. It is possible, however, that a rearmament slow-down would instead lead to unemployment of manpower and resources.

28. A prolonged relaxation of tensions might also have an adverse effect on the cohesion and vitality of the world Communist apparatus and hence on the Soviet power position. Soviet leaders are under some compulsion to pursue an aggressive policy in order to preserve the Communist ideology as a vital force. Any pronounced subduing of the irreconcilable hostility motif might serve to soften the rank-and-file of foreign Communist parties,

and to breed restlessness in countries under Kremlin control. Moreover, without keeping active the concept of permanent conflict between Communists and non-Communists, Moscow might have difficulty in maintaining voluntary adherence of "socialist states" (e.g., Communist China and Viet Minh) and their willingness to undertake direct action in the interest of the USSR.

#### IS TIME ON OUR SIDE?

29. We believe that the Soviet Bloc under present policies and programs will over the next 10-15 years decrease the proportion by which its economic and technological capabilities are inferior to those of the West and will acquire sufficient atomic capabilities to cripple the US. Therefore, although the West will probably retain a sizable absolute margin of superiority, we believe that in these respects time must be said to be on the Soviet side.

30. In other respects, time may be on the side of the West. The West's military capabilities will increase during the next fifteen years if conventional rearment programs and tactical applications of unconventional weapons enhance its present defensive capabilities in overseas areas. The extent to which these developments are likely to occur depends on Western and other policy decisions.

31. Trends can be identified within both the West and the Bloc which might undermine each side's political stability and cohesion. We cannot predict, however, that these trends will have such effects and certainly we cannot say that they would do so within the period of this estimate.

a. Trends now seem to be running against the West in the underdeveloped areas. If these trends cannot be arrested, the consequent growth of instability and Communist influence in these areas may eventually have serious effects on the economic stability and pro-Western orientation of Western Europe and Japan.

b. While there is no reason at this time to predict the Bloc's decay or collapse, the possibility exists of certain changes adverse to its present strength and stability. Internal rigidity may deprive the USSR of that flexibility and vitality which contribute to a political system's survival and growth. Alternatively, the Kremlin may decide to modify and relax its previous policies, only to find that this relaxation adversely affects continuing Soviet economic growth, Satellite stability, and Sino-Soviet cohesion. It would be unsafe, however, to assume that the problems which are inherent in the Soviet system will of themselves have reached critical proportions within the next fifteen years. Unless they do, the totalitarian nature of the Soviet system and the Kremlin's pervasive control or influence over its Bloc partners will continue to provide it with many advantages over the less cohesive coalition led by the US.

32. Even under the assumption of "continuation of the present general trend of policies in both the Bloc and the Western Powers," there are so many accidental or unpredictable factors which could alter present trends, that we are unable to conclude that time is on the side of either the Soviet Bloc or the West. Though a few of the components of power can be projected with fair confidence, the relative over-all development of the power positions of the West and Soviet Bloc cannot be predicted.